

## Message Text

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21

ACTION EB-07

INFO OCT-01 EUR-12 EA-09 ISO-00 JUSE-00 L-03 OES-06 INT-05

COME-00 CIAE-00 INR-07 NSAE-00 SP-02 USIA-15 AID-05

NSC-05 CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

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R 201522Z MAY 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 1132

INFO AMEMBASSY OTTAWA

AMEMBASSY LONDON

AMEMBASSY BRUSSELS

AMEMBASSY BONN

AMEMBASSY CANBERRA

UNCLAS PARIS 14931

E.O. 11652: N/A

TAGS: ETRD, FR, US

SUBJECT: ANTITRUST: ZINC REFINERS

REF: A) STATE 98253

1. WE INFORMED MINISTRY OF FOREIGN AFFAIRS, BY AIDE MEMOIRE DATED MAY 6, OF JUSTICE DEPARTMENT INVESTIGATION INTO PRICING PRACTICES OF NON-AMERICAN ZINC PRODUCERS. WE ALSO INFORMED R. DIETRICH, HEAD OF INTERNATIONAL RELATIONS IN MINERALS DIVISION, MINISTRY OF INDUSTRY (WHO IS ALSO CHAIRMAN OF INTERNATIONAL LEAD AND ZINC STUDY GROUP).

2. PRELIMINARY GOF REACTION WAS GIVEN TO US ORALLY LAST WEEK BY DIETRICH, FOLLOWING HIS CONSULTATIONS WITH FRENCH REFINERS (WHO BY THEN HAD RECEIVED JUSTICE QUESTIONNAIRES). HE SAID GOF IS CONCERNED OVER DEPARTMENT OF JUSTICE INVESTIGATION FOR TWO REASONS:  
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A) LACK OF INDICATION THAT U.S. PRODUCERS ARE ALSO BEING

INVESTIGATED, AND B) FACT THAT INVESTIGATION INTO EUROPEAN PRODUCER'S PRICE MECHANISM LAUNCHED ONLY AFTER RECENT SURGE OF EUROPEAN ZINC EXPORTS TO U.S., WHICH HE SUGGESTED MIGHT BE RESULT OF EFFORT BY U.S. REFINERS TO CLOSE OFF EUROPEAN EXPORTS TO U.S. EMBOFF ANSWERED THAT TO BEST OF OUR KNOWLEDGE, JUSTICE HAD INITIATED INVESTIGATION ON ITS OWN AND THAT RECENT GROWTH IN EUROPEAN EXPORTS PROBABLY GAVE JUSTICE THE JURISDICTIONAL ARGUMENT WHICH IT HAD PREVIOUSLY LACKED IN INVESTIGATING ZINC REFINERS. DIETHRICH INDICATED THAT, IN SPITE OF GOF'S UNEASINESS OVER INVESTIGATION AND VERY FULL NATURE OF DEPARTMENT OF JUSTICE'S INFORMATION REQUESTS, GOF WOULD PROBABLY ALLOW FRENCH REFINERS TO COOPERATE WITH INVESTIGATION.

COMMENT: IN VIEW OF OUR INFORMATION THAT EUROPEAN AND US PRODUCERS' PRICES BOTH REMAINED RELATIVELY STABLE DURING 1975 (EUROPEAN PRICE IN FACT DROPPED IN DOLLAR TERMS, ALONG WITH LME), AND THAT RECENT INCREASES IN EUROPEAN ZINC EXPORTS TO US HAVE BEEN DUE TO LACK OF NON-POLLUTING REFINING CAPACITY IN US, WE WOULD APPRECIATE HAVING MORE DETAILS ON DEPARTMENT OF JUSTICE'S CASE.  
GAMMON

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## Message Attributes

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